

Date Mailed
September 4, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Petition of Ameritech Advanced Data Services of Wisconsin, Inc.
for Authorization to Resell Frame Relay Switched Multimegabit
Data, and Asynchronous Transfer Mode Services on an Intrastate
Basis and to Operate as an Alternative Telecommunications Utility
in Wisconsin

7825-TI-100

Investigation into the Digital Services and Facilities of
Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin)

6720-TI-154

**NOTICE OF INVESTIGATION UPON REOPENING,
PREHEARING CONFERENCE, ASSESSMENT OF COSTS,
AND ORDER**

Prehearing Date: September 17, 1998 - 9:00 a.m.	Public Service Commission Building 610 North Whitney Way Amnicon Falls Hearing Room (Room 1300) Madison, Wisconsin
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The Commission rendered a decision in docket 7825-TI-100 on September 1, 1995, denying the application of Ameritech Advanced Data Services of Wisconsin, Inc. (AADS), for certification as an alternative telecommunications utility. The Commission reopened the case on September 1, 1998, after the matter was remanded by the Court of Appeals.

On August 7, 1998, the Federal Communications Commission (FCC) released its Memorandum Opinion and Order, and Notice of Proposed Rulemaking (NPRM) in *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, FCC 98-188, CC Docket 98-147 (*Advanced Telco Services*). In that docket the FCC will explore provision of advanced telecommunications services through separate affiliates rather than through an incumbent local exchange carrier (ILEC).

The Commission notes that since its September 1, 1995 decision technological changes have occurred that warrant investigation for their potential policy impacts. Data transmission needs have accelerated so rapidly that data traffic is widely projected to surpass voice traffic on the public switched network within the next five years. Deployment of digital packet switching technology has grown significantly, such that, by way of example, Sprint Communications has announced a nationwide asynchronous transfer mode (ATM) switching for its network. Moreover, in the last year tremendous strides have been made in a variety of digital subscriber

line technologies that are capable of permitting 10-fold increases in the speed of data through copper wires to the ordinary residential consumer.

New competitors in the last two years have entered local markets such as Milwaukee, Madison, and the Fox River Valley communities. These facilities-based competitors and resellers, as well, likely have an interest in the quality of the networks furnished by ILECs from whom they secure resold services or unbundled facilities. These competitors were not present in the last hearing in February 1995, but may have an interest in participating in this proceeding.

Whether or not AADS should be authorized to conduct business as an alternative telecommunications utility is a separate matter. The Commission is equally concerned over the nature of the services Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin) offers as an ILEC. Serving about two-thirds of the access lines in this state, AW affects the most consumers and businesses and most of the urban areas of the state. Therefore, a concurrent investigation into the digital services and facilities of AW appears to be appropriate. This proposed concurrent investigation, however, is not intended to interfere with AADS' application, any universal service rulemaking or any price regulation review proceeding. The focus is simply digital packet switching and transmission services and facilities and their relationship, if any, to the future adequacy of AW's services and facilities as a public utility.

In light of the foregoing, the Commission believes it appropriate to hold a further hearing in this case. Preparatory to that hearing, a prehearing conference should be held to determine parties, identify issues, schedule discovery, set dates for the submission of written testimony and for the hearing, and do all things authorized by § 227.44(4), Stats.

The foregoing discussion also suggests that AADS may want to modify or amend its application. The effective production of evidence in this proceeding, however, will depend upon a reasonably fixed description of AADS' qualifications and proposed services. Therefore, the Commission will order that AADS must set forth at the prehearing conference an overview of any changes to its present application on file. AADS will thereafter have ten days to file an amended application as provided by applicable Commission rules. If the revised application is not filed in ten days, the hearing examiner assigned to the proceeding may revise the schedule set forth at the prehearing conference as appropriate.

The preliminary statement of issues follows. The Commission expects that the prehearing conference will refine, supplement, and otherwise modify these core issues:

1. Does AADS qualify as a reseller under Commission rules, including the \$400,000 limitation on ownership of transmission facilities?
2. Should AADS be authorized as a reseller to provide the proposed services? Why or why not?
3. Does AADS qualify as any other kind of provider under ch. 196, Stats.? What kind of provider, and would certification as such be compatible with the public interest?

4. If AADS should be authorized, are conditions on such certification warranted? If so, what kinds of conditions are warranted and what public interest objective do they satisfy?
5. Are the digital services and facilities of AW reasonably adequate for the foreseeable future? Why or why not?
6. If AW's digital services and facilities are not reasonably adequate, what digital-based service offerings, if any, should be required of AW now or in the near future?
7. Assuming the FCC's tentative conclusions in the *Advanced Telco Services* docket respecting independent affiliates are adopted, would AADS qualify as an independent affiliate for purposes of such an FCC order?
8. What interconnection obligations or other conditions and requirements, if any, should be imposed upon AADS if it is authorized as an advanced telecommunications services provider consistent with separate affiliate requirements of the FCC?

Any matters reasonably relevant to the foregoing considerations, such as the consideration of provisions of the 1996 Act, may be presented for potential inclusion or detailing in a final issues list.

The Commission is opening these two investigations under its authority and jurisdiction in §§ 196.02, 196.03, 196.04, 196.203, 196.219, 196.24, 196.26, 196.28, 196.37, 196.52, and other provisions of ch. 196, Stats., as may be pertinent hereto, and such provisions of the 1996 Act including the provisions of § 253(a) and (b), that the Commission may apply pursuant to its jurisdiction and discretion under ch. 196, Stats. These investigations shall be consolidated as a single proceeding under the two identified docket numbers.

NOTICE IS HEREBY GIVEN that this is not a contested case under § 227.01(3), Stats., but will be conducted according to the procedures applicable to Class 1 proceedings. .

NOTICE IS HEREBY FURTHER GIVEN that a prehearing conference will be held in the above-captioned proceeding commencing at **9:00 a.m., Thursday, September 17, 1998**, in the Amnicon Falls Hearing Room (Room 1300), in the offices of the Public Service Commission, 610 N. Whitney Way, Madison, Wisconsin, and may be continued from time to time thereafter as the hearing examiner may direct. The building is accessible to people using wheel chairs through the main floor entrance in the front of the building. Parking is available by the front entrance. Any party with a disability who needs additional accommodations should contact Richard Teslaw at (608) 267-9766.

Any interested person desiring full party status in this proceeding may request such treatment by making a written request directed to Donna L. Paske, hearing examiner, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854, and referencing the above docket numbers for this proceeding.

NOTICE IS HEREBY FURTHER GIVEN that the Commission deems it necessary in order to carry out its duties herein to investigate all books, accounts, practices, and activities of AADS and Ameritech Wisconsin. One-half of the expenses incurred or to be incurred by the Commission that are reasonably attributable to such an investigation will be assessed against and collected from Ameritech Wisconsin in accordance with the provisions of § 196.85, Stats., and ch. PSC 5, Wis. Adm. Code.

IT IS HEREBY FURTHER ORDERED that if AADS intends to revise its reseller application, it shall provide an overview of the proposed changes at the scheduled prehearing conference. AADS shall file the revised application with the Commission and deliver copies into the hands of appearing parties no later than 10 days after the prehearing conference. Section PSC 2.03, Wis. Admin. Code will apply. If the revised application is filed later than 10 days after the prehearing conference, then the hearing examiner assigned to the case may revise as appropriate the proceeding schedule determined at the prehearing conference.

This is a Type III action under s. PSC 4.10(3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

Staff shall file a synopsis or summary of the testimony or other evidence presented at the hearing in this case. The parties, pursuant to § 196.24(3), Stats., as amended by 1997 Wisconsin Act 204, § 24, may demonstrate that a synopsis or summary is not sufficiently complete or accurate to fairly reflect the relevant and material testimony or other evidence presented at the hearing.

Questions regarding this investigation may be directed to Michael Varda, Legal Counsel, Telecommunications Division, at (608) 267-3591, or Peter Jahn, Principal Public Utility Analyst, (608) 267-2338.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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